CONTRACTOR PURCHASING SYSTEM REVIEWS (CPSRs)

DCMC GROUP LEADERS CONFERENCE

Sydney Pope
Deputy Director, Supplier Risk Management
PURPOSE OF A CPSR

• Manage risk where cost type contracts used
• Provide basis for Contracting Officer to approve purchase system and waive consent requirements
• Evaluate efficiency and effectiveness of prime contractors’ purchasing systems
• Ensure compliance with Government acquisition regulations (FAR Part 44) and contract clauses
RISK BASED POLICIES/PROCEDURES
FAR/DFARS PART 44

CHANGES

• CPSR threshold raised from $10 to $25 Million

• Three year requirement for CPSR changed to conduct risk assessment to determine where needed

• Eliminated subcontract consent requirement when contractor has an approved purchasing system

• Eliminated outdated DFARS instructions not based on risk assessment concept

• Eliminated consideration of procurements under Part 12 of FAR (Commercial)
• Consolidate CPSR and Consent to Subcontract
  • One process - DCMC policy more consistent w/FAR

• New chapter based on Supplier Risk Management Approach
  • Reviews conducted only when risk assessment shows need
  • Maximum use made existing Contractor/Government data

• Contractors encouraged to use Best Value procedures

• Risk Matrix developed
• Guidebook based on Supplier Risk Management
  • Encourage tailoring of all CPSRs
  • Involve Management Councils in Risk Assessments
  • Use Risk Assessment “how to” formats
• Directive language eliminated
• One Book links updated
NEW CPSR COMPUTER PROGRAM

• Used to assist CPSR analyst during reviews

• Old program was outdated; update needed

• CPSR 6.0 being field tested - February
CPSR WORKSHOP

- Forty CPSR specialists participated in workshop
- Workshop trained participants on new CPSR program
- Discussions focused on commerciality & electronic commerce
DCMC-O LETTER TO CONTRACTORS

- Contractors reported reluctant to adopt commercial practices in for fear of negative CPSR
  - electronic commerce
  - credit card purchases
  - paperless systems
- Policy of DoD and DCMC to encourage contractors to use innovative commercial practices when subcontracting
- Letter sent to 357 CPSR contractors to dispel misconceptions
CORPORATE WIDE INITIATIVES

Reduce number of reviews and promote consistency

• Lead CPSR Analyst concept - Raytheon/Lockheed
  • Conducts review of corporate wide procurement policies - interface with Management Council
  • Results of review is shared with local CPSR teams
  • Local CPSR teams limit their reviews compliance with corporate policies and local procurement procedures
SUMMARY OF RESULTS

Barriers Removed - FAR/One Book Changed

Business Improvements - Implement Risk Assessment Mgmt Councils Emphasized

Streamlined Processes - CPSR Guidebook Updated

Status as of February 2000

50% Reduction in Review Man hours
67% Personnel Reduction
74% Reduction in Onsite Reviews

Insight Vice Oversight

* Taking Maximum Advantage of FAR Changes
□ All Reviews Tailored Based on Risk
□ Maximum Use of Available Data
□ Best Value practices encouraged

# CPSR Reviews
# CPSR Personnel

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